

Exhibit 1.7

City of Milwaukee

Office of the City Clerk

200 E. Wells Street

Milwaukee, Wisconsin 53202

Certified Copy of Resolution

FILE NO: 090239

Title:

Substitute resolution relative to a rate increase strategy for Milwaukee Water Works.

Body:

Whereas, Resolution 090142 authorized the proper city officials to apply to the Public Service Commission of Wisconsin for a water rate increase of 3.8% and to return to the Common Council with a strategy for a second step rate increase; and

Whereas, The 3.8% increase will be effective for water sold after September 1, 2009 and will generate an estimated \$850,000 in revenue in 2009 and \$2.5 million annually thereafter; and

Whereas, Due to decreasing water consumption, increasing costs, and modest rate increase in 2007, the Milwaukee Water Works is not currently operating on a profitable basis, with a rate of return of less than 1% and utilizing \$9 million in cash to cover expenses in 2008 and is projected to use an additional \$5 million in 2009 to cover expenses and requires approximately a 20% water rate increase simply to close the gap between revenues and expenses; and

Whereas, The initiative to privatize the Milwaukee Water Works has been supplanted by efforts to increase the financial contribution of the Milwaukee Water Works to the city's general fund while maintaining the existing governance structure of the utility; and

Whereas, An increase in the rate of return to 5.4% would generate sufficient cash for the Water Works to continue to produce high quality drinking water and properly operate and maintain its extensive infrastructure and also contribute a \$3 million dividend to the city general fund in 2010; and

Whereas, A multi-year strategy of regular rate increases and cost containment could make a \$3 million dividend a sustainable annual payment from the Milwaukee Water Works to the general fund; and

Whereas, The rate increase process begins with the Milwaukee Water Works requesting a specified rate of return from the Public Service Commission of Wisconsin, and requesting rates of return of 5.0% for City of Milwaukee customers and 6.5% from suburban wholesale customers would be an overall rate of return of approximately 5.4%; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Superintendent of the Milwaukee Water Works is authorized and directed to submit to the Public Service Commission of Wisconsin an application for a rate increase specifying rates of return to City of Milwaukee


and suburban wholesale customers of 5.0% and 6.5%, respectively; and, be it

Further Resolved, That the water rates resulting from the full rate review that are recommended by the Public Service Commission be submitted to the Common Council for review prior to implementation, recognizing that the Public Service Commission is the ultimate regulatory authority for the financial condition of municipal water utilities in Wisconsin and may impose a rate different from that requested; and, be it

Further Resolved, That the Common Council and Mayor's Office will work together to develop a long-term rate strategy which will avoid volatile rate changes, maintain a reliable, high quality, competitively-priced water supply, and facilitate a sustainable dividend from the Milwaukee Water Works to the general fund.



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Resolution Passed by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on July 28, 2009.



Ronald D. Leonhardt

August 06, 2009

Date Certified